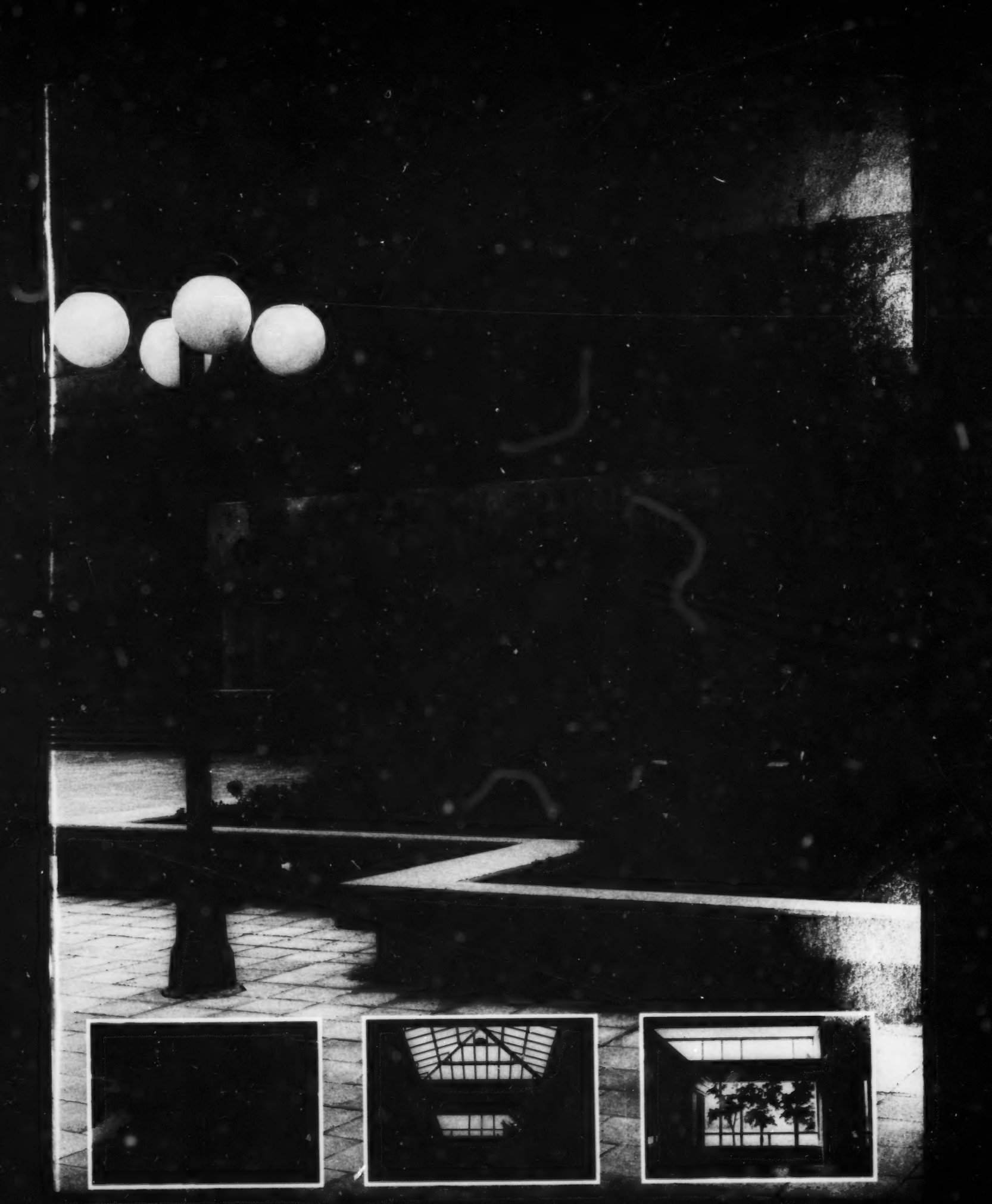


Front: The Provincial Court of British Columbia, Surrey , with insets of interior, completed during the year. Grant & Sinclair Architects Ltd., Vancouver. Ellis-Don Construction Ltd., Vancouver

Back: Lower Mainland Regional Correctional Centre (Oakalla) closed during the year and demolition commenced. An architectural impression of the planned residential development.

Photos by Kate Williams

92-07404/



# Contents


BCBC Corporate Profile .... 2

Five-Year Highlights ..... 3

Letter of Transmittal ..... 4

BCBC Board of Directors .. 5

President's Report ..... 7

BCBC Vision Statement and Core Values ..... 8

Review of Operations and Major Initiatives ..... 9

- BCBC Vision Becoming Reality ..... 9
- Enhancing BCBC's Organizational Structure 11
- Improving BCBC Effectiveness ..... 12
- Improving BCBC's Customer Service ..... 13
- BCBC Financial and Operating Performance 14
- Developing BCBC People ..... 15
- BCBC's Commitment to the Environment ..... 16
- Future BCBC Priorities ... 17
- BCBC's 1992-93 Business Objectives ..... 18

BCBC Financial Report ..... 19

BCBC Products and Services ..... 27

- Capital Project Construction Management ..... 28
- Leasing Services ..... 29
- Property Management ... 29
- Environment Management 30
- Energy Performance Contracting ..... 31
- Energy Management ..... 32

Corporate Management .... 34

Auditors ..... 36

BCBC Addresses ..... 36

# Corporate Profile

## STATUS AND OBJECTS

British Columbia Buildings Corporation (BCBC) is a Crown corporation established in 1977 to provide accommodation and real estate-related services to the Provincial Government. In doing so, BCBC encourages accountability for the acquisition and use of space, and for related services.

The Corporation serves the interests of its clients, the ministries of government and other publicly-funded organizations, by applying quantitative and qualitative standards for space, and by seeking the best value option in response to accommodation needs. In addition, BCBC provides property management services, capital project construction, leasing services, environmental management, energy performance contracting and programming and planning services.

Corporate and client accountability is achieved by establishing market based rents, payable by the client to the Corporation. The Corporation pays dividends to the Provincial Government from income earned through its operations.

## SCOPE OF OPERATIONS

The portfolio is made up of 3,400 buildings across the province ranging from the Vancouver Law Courts and Robson Square complex that covers three city blocks, to 125-year old heritage buildings and isolated highways facilities. The inventory includes office buildings, residential institutions, courthouses, highways and forestry complexes, fish hatcheries, and correctional facilities.

## STRUCTURE

BCBC is a highly decentralized corporation with a network of operating locations and employees covering the entire Province. Of BCBC's 800 employees, 600 are strategically located around the Province. In this way, the Corporation can respond promptly to local customer needs while providing opportunities for more than 5,000 local contractors, landlords, and professional firms throughout British Columbia

## FINANCING

BCBC is structured similarly to a private sector enterprise. The Corporation uses private sector management and accounting methods and is totally revenue dependent. BCBC must raise the funds required to operate by charging rent to government ministries and other agencies for the space they occupy.

BCBC capital spending is financed through self-generated funds (retained earnings and depreciation) and borrowings. These borrowings are arranged by the Minister of Finance acting as the Corporation's fiscal agent. The Corporation determines the amount, rate and terms of funds required. Unlike private sector real estate companies, which finance on a project basis, the Corporation undertakes general borrowings and pools the funds. This has allowed the Corporation to take maximum advantage of the province's high credit rating and has permitted borrowings to be arranged with substantially less documentation and cost than would normally be required.

# Five Year Highlights

| Year Ended March 31 | | | | | $ thousands |
|---|---|---|---|---|---|
| **FINANCIAL** | **1992** | **1991** | **1990** | **1989** | **1988** |
| Gross Revenue | **332,524** | 298,393 | 266,583 | 260,125 | 250,104 |
| Operating Income | **72,094** | 72,993 | 66,797 | 73,813 | 67,394 |
| Interest | **52,152** | 52,372 | 47,679 | 45,655 | 44,429 |
| Net Income | **19,942** | 20,621 | 19,118 | 28,158 | 22,965 |
| Cash Flow | **67,721** | 38,425 | 46,324 | 67,757 | 51,148 |
| Total Assets | **755,575** | 736,164 | 719,333 | 643,882 | 592,000 |
| | | | | **Per Cent** | |
| Operating Income Margin | **21.7** | 24.5 | 25.1 | 28.4 | 26.9 |
| Return on Investment | **10.7** | 12.1 | 11.7 | 13.1 | 10.4 |
| Return on Equity | **14.9** | 16.3 | 16.2 | 26.4 | 22.1 |
| **PROPERTIES** | | | | **Square Metres** | |
| Owned | **1,357,571** | 1,332,900 | 1,299,355 | 1,310,213 | 1,303,960 |
| Leased | **589,158** | 564,693 | 505,271 | 469,321 | 459,946 |
| Maintained | **192,084** | 182,670 | 80,048 | 78,203 | 78,420 |
| | **2,138,813** | 2,080,263 | 1,884,674 | 1,857,737 | 1,842,326 |
| **STAFF** | | | | | |
| Total Authorized Complement | **828** | 768 | 785 | 788 | 870 |

His Honour

The Honourable David C. Lam, C.M., K.St.J., LL.D.
Lieutenant-Governor of the Province
of British Columbia

MAY IT PLEASE YOUR HONOUR

The undersigned has the honour to present the Annual Report of the British Columbia Buildings Corporation for the year ended March 31, 1992.

Lois Boone

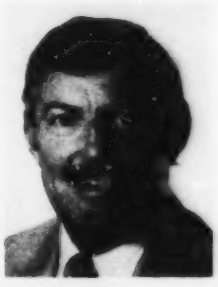
Lois Boone
Minister of Government Services

# Board of Directors

Thomas A. Toynbee
Chairperson
Ganges

Dennis Truss, President
and Chief Executive Officer
Victoria

Norman Cafik
Sidney



M. A. (Mac) Christie
Burnaby

Dorothy Coulter
Armstrong
(to December 31, 1991)

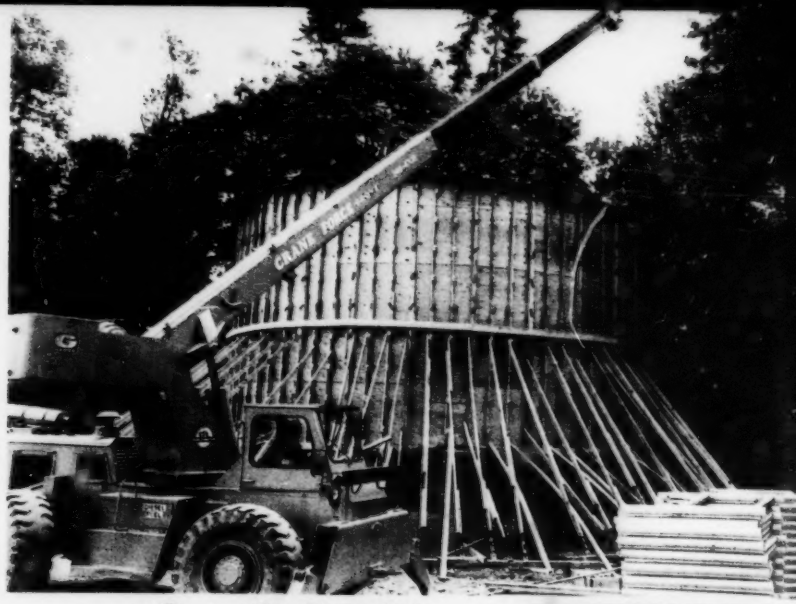
Len Fox
Vanderhoof
(to December 11, 1991)

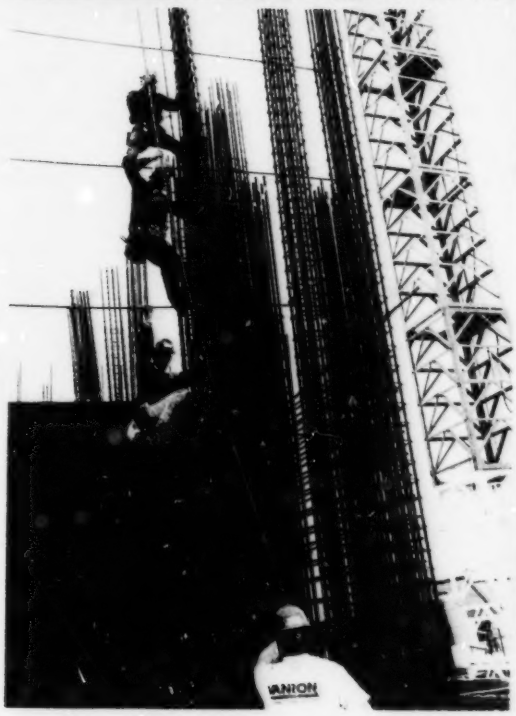
Gordon L. Hunter
Victoria

Geraldine Mannings
Nelson
(from April 24, 1991)

Lynn Roberts
Surrey

Audit Committee: Messrs. Christie (Chairperson), Hunter





*Construction continues at a hatchery in Duncan (top) and an office block in Victoria. Senior Technical Advisor Cherry Price. GoodLife participant Operations Supervisor Keith King. A child-care centre completed in Victoria.*

# PRESIDENT'S REPORT

The past year has been both demanding and exciting. Our business activities reached record highs and important progress was made in our strategic renewal process. Also, major steps were taken to bring our new corporate vision closer to reality.

The vision became the principal focus of the Corporation throughout the year. In particular, important emphasis was given to leadership, quality work environment and service.

The challenge was met through significant progress in:

- setting new business priorities
- making organizational and process changes
- improving the planning and delivery of accommodation projects
- enhancing service
- working with our customers to develop benchmarks for measuring performance
- defining quality work environment standards

A "Review of Operations and Major Initiatives" in this report gives details of the year's highlights. I feel that all employees can look back with pride and satisfaction at what was accomplished and know that we laid some important groundwork in building an even better future for the Corporation and our customers.

A new government was elected midway through the fiscal year, creating opportunities and challenges for the Corporation. A priority was supporting the government in the development of surplus institutional properties. Also, we have established a positive working relationship with the recently formed Crown Corporations Secretariat and we look forward to assisting the Secretariat in the achievement of its objectives.

I wish to express my gratitude to our employees who worked so diligently in meeting the needs of our customers and to Chairman Tom Toynbee and other members of the Board of Directors for their ongoing support and counsel. I would also like to recognize with sincere appreciation the contributions of Dorothy Coulter and Len Fox who left the Board during the year. Finally, I would like to welcome Geraldine Mannings to the Board and respectfully acknowledge the interest and support that the Honourable Lois Boone, our new Minister responsible, is giving the Corporation.

Dennis Truss
President and Chief Executive Officer

*Client Services Manager Winston Dixon.*

*Accounting Assistant Anita Chiddle and Leasing Assistant Barbara Erickson.*

# BCBC Vision Statement

Our customers will choose to do business with us because of our leadership in providing quality work environments.

We will be a service-driven organization, treat our customers as partners, and be committed to their success.

# BCBC Core Values and Guiding Principles

We treat all individuals with fairness, dignity and respect.

We are open, honest and demonstrate integrity in everything we do.

We work to know our customers and their business.

We make and keep our commitments - get the job done!

We are flexible, innovative and responsive to change.

We work with our customers to bring value to our shareholders.

We support one another to achieve corporate goals.

We measure and monitor our performance.

We support and develop our people to achieve our corporate and individual potential.

We are socially and environmentally responsible in our business operations.

# REVIEW of OPERATIONS and MAJOR INITIATIVES

## BCBC Vision Becoming Reality

A number of important initiatives were undertaken during the year to make our vision a reality.

We looked at our business differently, both in terms of providing customer space and information needs, and how we were managing our portfolio. The vision has caused us to change some perceptions and seek ways of looking beyond merely meeting stated customer needs. We started to examine ways in which we could assume a position of true leadership in various areas of accommodation and related services.

The references in the vision statement to "quality work environments" and treating "our customers as partners" have allowed us to not only work more closely with customers, but also to take meaningful steps in getting customer input on important decisions.

To complement the BCBC vision, the President's Committee developed a set of core values and guiding principles which serve as a code of conduct for all employees. They have been communicated throughout the Corporation and have been very well received by employees.

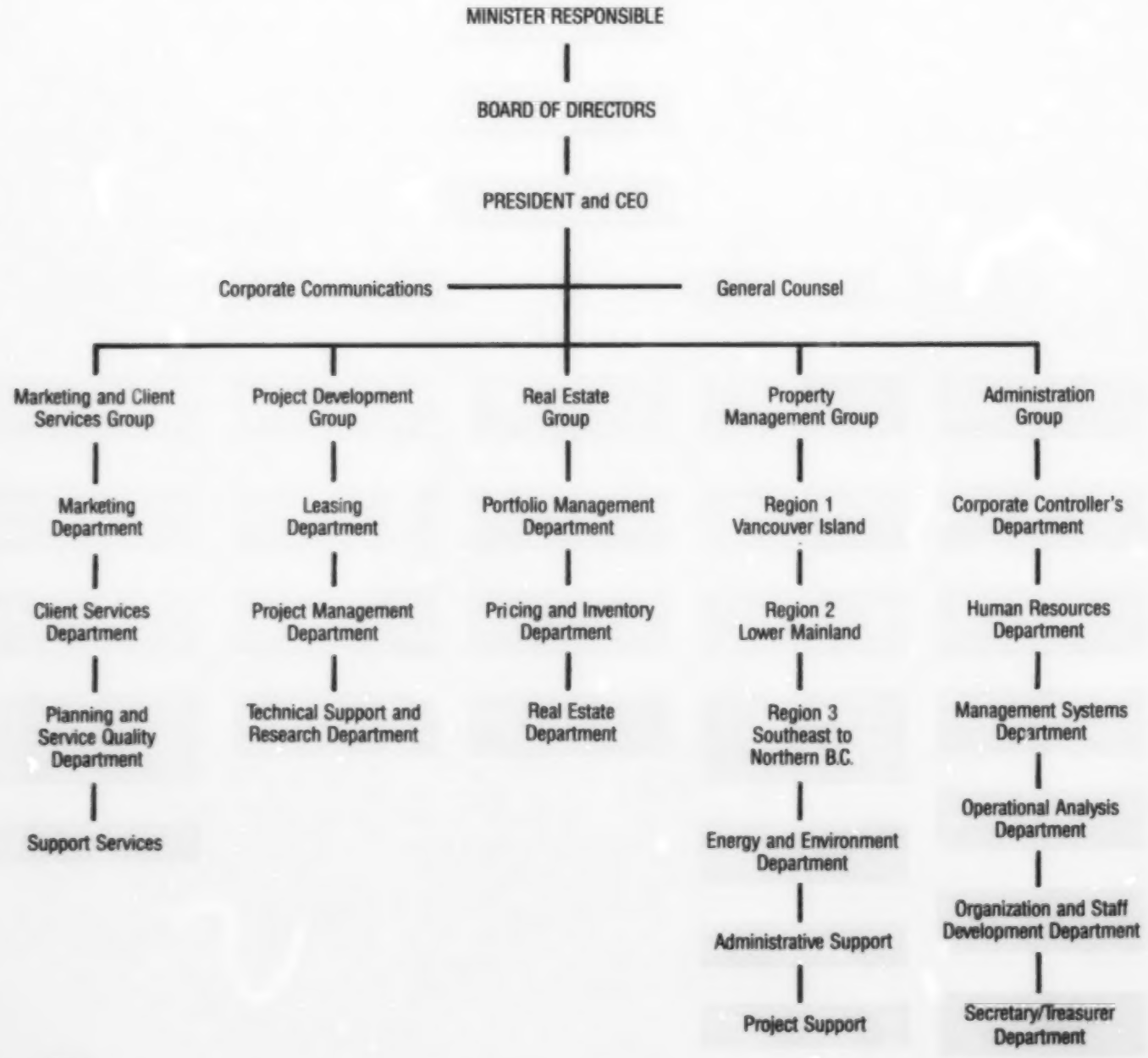
The following sections of this review describe some of the changes BCBC has made to improve its overall effectiveness.

*Facilitator Christine Cunliffe at a meeting of Ministry and BCBC facility planners. Administration Branch Director Allen Goldade (Municipal Affairs, Recreation and Housing), Facility Services Supervisor Dan Butler (Forests), Treasury Board Analyst Manuel Achadinha (Finance and Corporate Relations).*

*Senior Programmer Analyst Randy Gagnon, Space Inventory Analyst Dennis Harbour.*

*Client Services Manager Mark Pucsek, Project Director Pierre Lacerte (Attorney General), Project Manager Marjon Jereb.*

# BCBC Organization Chart

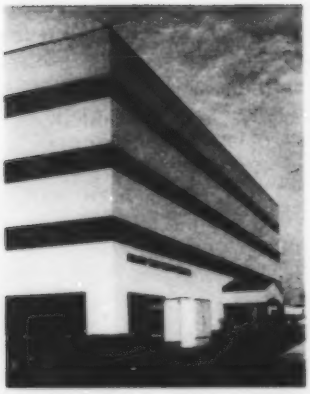


# Enhancing BCBC Organizational Structure

Improved planning and project delivery were early priorities in support of the vision, and the expanded President's Committee examined organizational options that would best support this direction. The changes effected earlier in the year not only reflected the collective views from 40 of the Corporation's senior people, but also were supported enthusiastically by our clients at advance briefing sessions.

The major changes included:

- expanding the role and resources of the Marketing and Client Services Group by establishing a Planning and Service Quality Department, to better define client needs and by integrating service quality into our various plans and procedures; and strengthening the Client Services Department by adding two directors and focusing more attention on account management.
- consolidating our Leasing and Project Management departments into a new Project Development Group to provide a better and more consistent focus on all accommodation projects, and establishing an expanded Technical Support and Research Department with a broad mandate to enable us to reach a leadership position in areas supporting quality work environments.
- enhancing the strategic focus of the Real Estate Group by establishing a Portfolio Management Department to bring a more concentrated and professional approach to various aspects of our real estate holdings and future long-term decisions affecting the portfolio and our clients.
- commencing a major business and organizational review of the Property Management Group.



*The Francis Work Beaton Building, a multi-ministry office complex completed during the year at Fort Saint John.*

*Facilities Planner Ron Lee.*

*Client Services Assistant Shelley Moen, Administration Section Manager Stephen Green (Advanced Education, Training and Technology), Client Services Manager Graham Duggan.*

# Improving BCBC Effectiveness

*Building Services Manager Brian Jenkins (Transportation and Highways), Client Services Director Ian Maitland, Support Services Manager Hardy Sekhon, Administration Branch Director Allen Goldade (Municipal Affairs, Recreation and Housing).*

*On site at the Ministry of Energy, Mines and Petroleum Resources new head office, Victoria, Project Manager Bryan May, Deputy Minister John Allan (EMPR), Revenue and Operational Services Division Executive Director Joan Hesketh (EMPR).*

*Operations Supervisor Selwyn Brereton.*

A number of other initiatives were taken to improve our overall effectiveness, including:

- the President's Committee continued to direct the strategic planning process by undertaking a comprehensive look at the strengths and weaknesses of the organization, as well as identifying opportunities or threats that could impact BCBC. This information will be critical as we finalize the strategic plan of the Corporation early in the coming fiscal year.
- the Corporate Planning Committee was given a more vigorous mandate to examine corporate-wide business opportunities and investigate key issues. The benefits are already being reaped through contributions made to our latest long-range plan and the development of new critical success factors. As well, this committee will undertake a semi-annual, organizational performance review.
- we have involved our customers to a greater extent in critical planning and decision-making areas. In addition to the organizational changes, benchmarking and defining quality work environments, the Client Panel was active in reviewing and debating changes to the *Accommodation Agreement*. This process has always been an important aspect of the BCBC-client relationship and is continuing to improve in terms of its effectiveness and the positive manner in which all participants contribute.
- the Administration Group led several review processes that will allow us to achieve significant administrative cost savings, while improving overall performance and the quality of information used to monitor performance.
- the Effectiveness Reporting concept has been introduced to the Corporation and will be implemented on a group-by-group basis over the new fiscal year.
- several community strategic plans were completed and others are underway. New office buildings in Kelowna and Nelson are under construction and design respectively, as a direct result of recommendations that flowed out of community space plans. This planning process brings together critical input from clients and various parts of the Corporation, with end results reviewed with Treasury Board Staff to ensure congruity with all stakeholder needs.

Other plans underway are in different stages of development and they, too, will play a critical role in future real estate decision-making. The Victoria Strategic Plan, including an update of the Precinct Plan, will receive particular attention in view of the magnitude of our office space portfolio in Victoria — some three million square feet, representing over 60% of the city's total market, with an extremely low vacancy rate of less than 1%.

- during the year, the Corporation renegotiated licenses with Highways maintenance contractors based on market rates, and accepted responsibility for trade equipment in Highways yards and for the maintenance of weigh scale station facilities.

# Improving BCBC Customer Service

Our commitment to improving customer service took several forms. In addition to initiating joint efforts in developing mutually acceptable benchmarks and standards for quality work environments, and the increased effectiveness of the Client Panel, we expanded our service quality training and held more meetings with our customers throughout the province to discuss service levels, budgets, costs, and other accommodation-related matters. Feedback tells us that customers are reacting positively towards this greater attention to service quality; however, our attention to increasing the quality and frequency of communications with customers at all levels must be further enhanced.

We have initiated a project to determine customer information needs enabling them to better track progress on projects, to better manage the utilization of space, and to enhance future planning of space needs.

During the latter part of the fiscal year, we undertook a comprehensive customer survey. The results have indicated a generally positive opinion of our service levels and responsiveness; however, there are opportunities for improvements and they will be pursued vigorously in the coming months. Also, the results of the survey will be a baseline for measuring future performance. We also introduced a "comment card" system for customers to provide feedback directly to the Chief Executive Officer upon completion of smaller projects and a direct interview process has been started for larger projects tc obtain feedback and suggestions for improvements.

The Corporation's employees have responded very well to the challenges faced during the year. The increased emphasis on service quality, space planning and portfolio management, combined with the significant increase in business activity meant that our total staff employment grew by 35 for the year. In total, 77 new people joined the Corporation, after allowing for normal turnover. This was the highest recruitment level we have experienced since the start-up period and was a particular credit to our Human Resources staff who worked closely with line managers throughout the Corporation.

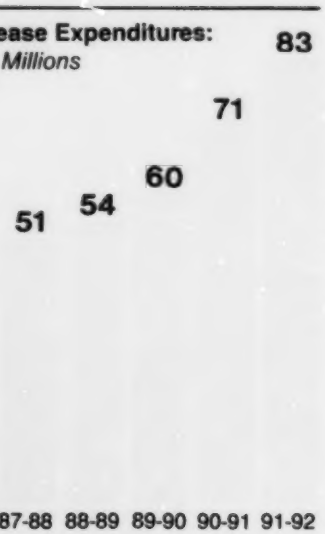
While we have always relied on both staff and contract resources to meet customer needs, we believe a balance between the two will ensure that responsive and effective services continue to be achieved.

*Mechanical Superintendent Rodger Taylor points out details of the Surrey Law Courts during a pre-opening tour for BCBC employees.*

*Operations Superintendents Jim Schafhauser and Phil MacBride.*

# BCBC Financial and Operating Performance

**Lease Expenditures:**
*$ Millions*

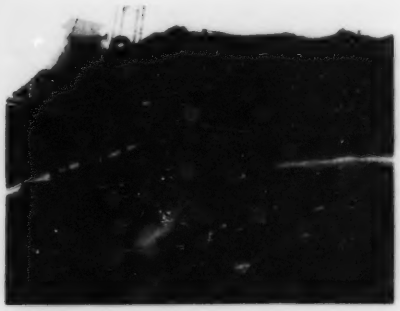



The financial results and operating performance of the Corporation were generally consistent with expectations. Net income of $19.9 million was slightly higher than the revised budget for the year; return on investment was a respectable 10.7% although it was down from the past two years as operating margins have been squeezed due to increased spending on maintenance, and higher net administrative costs due to reduced capitalization of overheads to projects and higher spending on client services, space planning, leasing and portfolio management functions.

Other financial highlights of the year included:

- capital spending totalled $52 million, a slight decline from the previous year. Major projects completed include the Surrey Law Courts and the Surrey Pretrial Services Centre.
- a record level of client request projects was handled, totalling $32 million. This was 54% higher than the previous year and placed a significant demand on staff in every Property Management Unit and in several Head Office departments.
- spending on leases rose by 12.5 million or almost 18%, as we handled continued high levels of new and renewal leases. The uncertainties surrounding future space needs in a number of ministries have resulted in more leases being placed in a holdover status or being renewed for only short terms. This has not only added to the demands on our Leasing staff but has also reduced our effectiveness in negotiating deals comparable to new leases. Turning this situation around represents a significant portfolio management opportunity.
- total spending on operations and maintenance rose by $4.3 million or 9.1%. On a per square metre basis, the increase was $1.38 or 6%, which reflects the increased demand for higher quality services and the deletion of the outdated Lower Mainland Regional Correctional Centre (Oakalla) from our portfolio.
- energy costs rose by just over $100,000 or 0.9%. Average consumption is some 55% below what it was 13 years ago when we launched our Energy Management Program.
- we made important progress on the redevelopment of the Oakalla Lands by reaching third reading through Burnaby Council. We are presently readying the property for redevelopment by demolishing the old buildings, recycling useable building components, and remediating the soil so that the site will be fully acceptable from an environmental standpoint. Other initiatives have been taken with respect to the Jericho, Riverview, Woodlands, and Glendale properties.
- vacant office space in the portfolio was managed aggressively because of costs involved and the associated negative public perception. During the year, it averaged only 0.6% of the total portfolio.

*Administrative Coordinator Karen Hanley.*



*Oakalla demolition underway.*

# Developing BCBC People

BCBC's commitment to employees gave rise to a number of initiatives being developed or expanded and the current collective agreement with the B.C. Government Employees' Union was extended for another year, to October 31, 1992.

Other initiatives included:

- the Wellness Committees took on a greater role, attracted more interest from employees and, most importantly, established our Goodlife Program to encourage employees and their families to adopt healthier lifestyles. We were pleased to launch this program with an April 1, 1992 kickoff.
- the Women's Advisory Committee expanded its activities, and sponsored several information sessions to assist women in their careers. Three Corporation employees were trained as facilitators for the "Taking Charge of Your Career" course which was attended by 64 women during the year.
- we continued to offer a number of training programs aimed at improving customer service and our employees overall ability to grow in their present positions or expand their horizons for the future, both personally and professionally. We have supported many employees who are enrolled in real estate, accountancy and property management programs.
- as evidence of our employees' commitment to the Corporation — its customers, its vision and its values — we are pleased with the results of these indicators of productivity and morale:
  - employee turnover remained low at only 5.0%.
  - absenteeism was a very low 2.4%.
  - the lost time accidents rate was a very favourable 1.80 per 100 employees.
  - no time was lost due to labour action and grievances were resolved prior to the arbitration stage.
  - the corporate-wide United Way donation by employees increased to a record $51,050. Also, several employees were loaned representatives for United Way campaigns throughout the province.

*GoodLife participants Intermediate Clerk Chrystal Bowolin and Accountant Jeanette Denicola.*

*Clerk Marilyn Weisner.*

*Regional Human Resources Manager Jacqueline Smith facilitating a Taking Charge of Your Career Seminar.*

# BCBC Commitment to the Environment

Our commitment to the environment continued to expand. During the year, we made significant progress on our first five-year Environment Plan and presented an updated version to our Board which was approved.

The biggest achievement was receiving the Corporate Award for continued international excellence in energy management from the Association of Energy Engineers. This award is the highest recognition possible and we were the first recipients outside of the United States. The Board and executives of the Corporation are pleased to congratulate all our dedicated employees who made this possible by their individual and team efforts.

During the year, we also:

- introduced paper recycling on a province-wide basis.
- established a maintenance program for underground fuel storage tanks and put in place management plans where needed.
- commenced an environmental audit of major properties.
- continued to involve our employees through the Environment Plus Committee.
- chaired the Environment Committee of Crown Corporations.
- Earth Day events in many parts of the province were assisted both by the Corporation and many individual employees.

*Building Maintenance Person Wally Nixon tests an energy management control system.*

*Operations Superintendent Rick Smith at a soil remediation project.*

# Future BCBC Priorities

We will finalize the strategic direction of the Corporation and continue to pursue our vision while living by our core values and guiding principles. With the significant assistance of the Corporate Planning Committee, we developed the following strategic business objectives and critical success factors, which formed an integral part of the five-year plan approved by our Board of Directors:

## STRATEGIC BUSINESS OBJECTIVES

1. To become a superior service-driven organization.
2. To continue bringing accountability to the provision and allocation of government accommodation.
3. To manage our portfolio and services to ensure that our short and long term use of space is optimized and financial results are market comparable.
4. To provide quality work environments for all customers, which embody leadership in our facilities planning, development and maintenance services.
5. To ensure that government programs are supported in a positive and effective manner.

## CRITICAL SUCCESS FACTORS

Successful fulfillment of the Corporate Business Objectives is critically dependent upon implementation of the following:

1. Our mandated responsibilities will be executed in a professional, competent manner.
2. Our products and services will be offered competitively, based upon their value to our customer and their contribution to our financial results.
3. Benchmarks to measure leadership and continuous improvement will be integrated into the Corporation's planning and operations.
4. Quality work environments and service levels will be based upon customer requirements and expectations.
5. Our employees, suppliers and other stakeholders will be made aware of and participate in our drive to service quality.
6. Our employees will be provided with training and development opportunities which will enable them to achieve their potential.

*Gary Pharness of the Hastings Institute Workplace Language Program and Building Maintenance Engineer Ed Blakey.*

*Cleaner Arne Pitkanen.*

*Operations Supervisors Don Rogers and Donna Cuthbert.*

# BCBC 1992-93 Business Objectives

The main objectives contained in our 1992/93 Annual Plan, which has been approved by our Board of Directors, include:

- completing our corporate strategic plan.
- completing the development of benchmarks and commencing the communication of results.
- defining quality work environments.
- completing community strategic plans for Vancouver, the Lower Mainland, Victoria, Penticton and Vernon.
- implementing contribution centre reports and Effectiveness Reporting.
- implementing changes within the Property Management Group to enhance its organization and operating effectiveness.
- making major progress on the redevelopment of surplus corporate-owned institutional lands.
- developing a communications program with the direct participation of our customers.
- meeting the Environment Plan's first year objectives.
- supporting at Treasury Board ministry customer requests for funding space changes.
- establishing appropriate training programs to meet corporate needs while allowing employees to achieve their potential.
- inceasing the awareness of all managers and supervisors regarding growing workplace diversity.

*Construction site preparation.*

*Client Services Assistant Corrine Powell.*

*Support Services Manager Hardy Sekhon and Executive Secretary Jo Kennedy.*

# financial report 1992

## MANAGEMENT'S REPORT

The financial statements of British Columbia Buildings Corporation have been prepared by management in accordance with generally accepted accounting principles consistently applied and appropriate in the circumstances. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized in the notes to financial statements. The external auditors appointed by the Lieutenant-Governor-in-Council have examined the financial statements which have also been reviewed by the Audit Committee and approved by the Board. Financial information presented elsewhere in this Annual Report is consistent with that in the financial statements.

The Audit Committee, comprised of non-management members of the Board of Directors, meets periodically with internal auditors, the external auditors, and management, to ensure that each group is fulfilling its obligations.

Management depends upon a system of internal accounting controls that provide reasonable assurance, on a cost effective basis, that the financial information is reliable and accurate. This system is maintained through the performance of a comprehensive internal audit program.

Dennis Truss
President and
Chief Executive Officer

Brian Kennedy
Vice-President and
Chief Financial Officer

## AUDITORS' REPORT

*To the Lieutenant-Governor-in-Council Province of British Columbia*

We have audited the balance sheets of British Columbia Buildings Corporation as at March 31, 1992 and 1991 and the statements of income, retained earnings and changes in financial position for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial positions of the Corporation as at March 31, 1992 and 1991 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

*Chartered Accountants*
*Vancouver, Canada*
*May 1, 1992*

## BALANCE SHEETS

as at March 31

| $ thousands | 1992 | 1991 |
|---|---|---|
| **ASSETS** | | |
| Real estate investments | | |
| Income-producing properties (note 2) | **670,934** | 597,555 |
| Income-producing properties under construction (note 3) | **34,431** | 83,864 |
| Land held for development (note 4) | **14,069** | 10,779 |
| | **719,434** | 692,198 |
| Corporate properties and equipment (note 5) | **6,517** | 6,517 |
| Unamortized debt discount and issue expenses | **9,470** | 11,674 |
| Other assets (note 6) | **20,154** | 25,775 |
| | **755,575** | 736,164 |
| **LIABILITIES** | | |
| Long-term debt (note 7) | **477,685** | 414,729 |
| Notes payable | **-** | 1,876 |
| Short-term debt (note 8) | **65,201** | 104,536 |
| Other liabilities (note 9) | **78,909** | 89,177 |
| **EQUITY** | | |
| Contributions by the Province of British Columbia (note 10) | **55,469** | 55,469 |
| Retained earnings | **78,311** | 70,377 |
| | **755,575** | 736,164 |

Commitments (note 11)

**ON BEHALF OF THE BOARD:**

G.J. Hunter

Gordon Hunter, Director

M.K. Christie

Malcolm Christie, Director

*The accompanying notes are an integral part of these statements.*

## STATEMENTS of INCOME

for the years ended March 31

| $ thousands | 1992 | 1991 |
|---|---|---|
| **REVENUE** (note 13) | | |
| Rentals | **289,121** | 265,059 |
| Other income | **43,403** | 33,334 |
| | **332,524** | 298,393 |
| **EXPENSES** | | |
| Property management | **100,910** | 84,477 |
| Leases | **83,189** | 70,621 |
| Amortization | **36,496** | 34,283 |
| Energy | **13,707** | 13,586 |
| Property taxes and grants | **11,634** | 11,608 |
| General and administrative | **14,494** | 10,825 |
| | **260,430** | 225,400 |
| **INCOME BEFORE INTEREST** | **72,094** | 72,993 |
| Interest (note 12) | **52,152** | 52,372 |
| **NET INCOME** | **19,942** | 20,621 |

## STATEMENTS of RETAINED EARNINGS

for the years ended March 31

| $ thousands | 1992 | 1991 |
|---|---|---|
| Balance, beginning of year | **70,377** | 71,656 |
| Net income | **19,942** | 20,621 |
| | **90,319** | 92,277 |
| Dividend | **12,008** | 21,900 |
| Balance, end of year | **78,311** | 70,377 |

*The accompanying notes are an integral part of these statements.*

## STATEMENTS of CHANGES in FINANCIAL POSITION

for the years ended March 31

| $ thousands | 1992 | 1991 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Net income | **19,942** | 20,621 |
| Non-cash items – amortization | **40,152** | 38,198 |
| – gains on disposal of properties | **(1,099)** | (6,512) |
| Other assets and liabilities, net change | **8,726** | (13,882) |
| | **67,721** | 38,425 |
| **FINANCING ACTIVITIES** | | |
| Long-term debt issued | **125,000** | 75,000 |
| Long-term debt repayments | **(41,483)** | (11,477) |
| Increase in sinking funds | **(20,558)** | (22,073) |
| Decrease in notes payable to the Province | **(1,876)** | (10,306) |
| Decrease in short-term debt | **(39,335)** | (32,781) |
| | **21,748** | (1,637) |
| **INVESTMENT ACTIVITIES** | | |
| Real estate investments | **(65,212)** | (63,785) |
| Sale proceeds from disposal of properties | **5,581** | 24,857 |
| Corporate properties and equipment | **(3,004)** | (2,064) |
| | **(62,635)** | (40,992) |
| **DIVIDENDS** | | |
| Prior year dividends paid | **(21,900)** | (1,517) |
| **INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | **4,934** | (5,721) |

*The accompanying notes are an integral part of these statements.*

## NOTES to FINANCIAL STATEMENTS

March 31, 1992 ($ thousands)

### 1. ACCOUNTING PRINCIPLES

The Corporation is incorporated under the British Columbia Buildings Corporation Act as a Crown Corporation of the Province of British Columbia, and is an agent of the Crown.

(a) **Real Estate Investments and Corporate Properties and Equipment**

Real estate investments and corporate properties and equipment are recorded at cost less accumulated amortization. In addition to land and direct costs, amounts capitalized to real estate investments during development and construction include property taxes and the applicable portion of both interest on general borrowings and general and administrative expenses.

(b) **Amortization**

Real estate investments and corporate properties and equipment are amortized on an individual basis by the straight-line method over their estimated useful lives or lease terms. Amortization is prorated by month in the year of acquisition or disposal. The estimated useful lives or lease terms of income-producing and corporate properties are between five and forty years. The estimated useful lives of all other assets are between three and ten years.

(c) **Income Taxes**

The Corporation is exempt from Federal and Provincial income taxes.

(d) **Sinking Funds**

Payments made to sinking funds with respect to retirement provisions of sinking fund bonds and debentures, together with accumulated sinking fund earnings, are netted against the related debt. The related sinking funds will be applied against the bonds or debentures when they are redeemed and cancelled. Sinking fund earnings are recognized as interest is earned and gains are realized.

(e) **Amortization of Debt Discount and Issue Expenses**

Debt discount is amortized by the effective rate of interest method and issue expenses are amortized on a straight-line basis, both over the terms of the applicable debt.

(f) **Rentals Received in Advance**

Rentals received in advance are amortized using the effective rate of interest method over the period to which it relates.

### 2. INCOME-PRODUCING PROPERTIES

| | 1992 | 1991 |
|---|---|---|
| **Net book value:** | | |
| Cost | **958,564** | 855,133 |
| Accumulated amortization | **(287,630)** | (257,578) |
| | **670,934** | 597,555 |
| **Activity:** | | |
| Net book value, beginning of the year | **597,555** | 535,972 |
| Properties transferred from income-producing properties under construction | **107,306** | 109,112 |
| Acquisitions (Disposals), Net | **(435)** | (16,274) |
| Amortization expense | **(33,492)** | (31,255) |
| Net book value, end of year | **670,934** | 597,555 |

### 3. INCOME-PRODUCING PROPERTIES UNDER CONSTRUCTION

| | | |
|---|---|---|
| Balance, beginning of year | **83,864** | 133,851 |
| Direct development and construction costs | **52,036** | 46,888 |
| Capitalization of: | | |
| Interest | **1,742** | 7,584 |
| General and administrative expenses | **4,095** | 4,653 |
| Cost of properties completed and transferred to income-producing properties | **(107,306)** | (109,112) |
| Balance, end of year | **34,431** | 83,864 |

### 4. LAND HELD FOR DEVELOPMENT

| | | |
|---|---|---|
| Balance, beginning of year | **10,779** | 8,246 |
| Capitalization of interest and property tax | **535** | 768 |
| Acquisitions, Net | **2,755** | 1,765 |
| Balance, end of year | **14,069** | 10,779 |

## NOTES to FINANCIAL STATEMENTS

March 31, 1992 ($ thousands)

### 5. CORPORATE PROPERTIES AND EQUIPMENT

| | 1992 | 1991 |
|---|---|---|
| **Cost:** | | |
| Office and data processing equipment | **14,945** | 13,744 |
| Corporate properties and leasehold improvements | **4,413** | 3,428 |
| Maintenance equipment | **2,950** | 2,743 |
| Vehicles | **4,489** | 4,020 |
| | **26,797** | 23,935 |
| **Accumulated amortization** | **(20,280)** | (17,418) |
| | **6,517** | 6,517 |

### 6. OTHER ASSETS

| | | |
|---|---|---|
| Accounts receivable | | |
| – Province of British Columbia | **18,545** | 20,908 |
| – Other | **1,325** | 4,529 |
| Prepaid expenses | **284** | 338 |
| | **20,154** | 25,775 |

### 7. LONG-TERM DEBT

| | 1992 | 1991 |
|---|---|---|
| **Principal outstanding:** | | |
| 38 series at an average effective interest rate of 10.75% maturing at various times to 2012 (1991 - 35 series at an average effective interest rate of 11.35%) | **614,540** | 531,026 |
| Sinking funds on deposit with the Minister of Finance and Corporate Relations for British Columbia, relating to long-term debt of $582,532 (1991 - $382,532) | **(136,855)** | (116,297) |
| | **477,685** | 414,729 |

At March 31, 1992, the coupon rates on the long-term debt ranged from 5.25% to 15.69% (1991 - 5.25% to 15.69%).

Of the long-term debt outstanding, $447,361 (1991 - $352,361) is payable to the Ministry of Finance and Corporate Relations for British Columbia. The Province of British Columbia has unconditionally guaranteed the principal and interest of all other long-term debt issued by the Corporation.

At the option of the Minister of Finance for Canada, Sinking Fund Debentures with an aggregate principal of $165,041 maturing between 1997 and 2003 may be called prior to maturity under certain conditions on six months written notice.

Principal payments, net of projected sinking fund balances at maturity, and sinking fund payments for each of the next five years:

| | |
|---|---|
| 1992/93 | **69,496** |
| 1993/94 | **18,524** |
| 1994/95 | **63,726** |
| 1995/96 | **15,382** |
| 1996/97 | **7,703** |

## NOTES to FINANCIAL STATEMENTS

March 31, 1992 ($ thousands)

### 8. SHORT-TERM DEBT

The interest rates on short-term debt range from 6.84% to 8.96% (1991 - 9.62% - 13.53%), and result in an average effective interest rate of 7.81% (1991 - 10.90%) for the notes outstanding. These notes mature at varying dates to December 2, 1992 and are payable to the Minister of Finance and Corporate Relations for British Columbia.

### 9. OTHER LIABILITIES

| | 1992 | 1991 |
|---|---|---|
| Due to bank, unsecured | **1,285** | 6,219 |
| Accounts payable and accrued liabilities | **34,827** | 25,205 |
| Holdbacks | **3,418** | 7,145 |
| Accrued interest payable: | | |
| - Province of British Columbia | **11,683** | 12,015 |
| - Other | **5,970** | 6,051 |
| Rentals received in advance from the Province of British Columbia | **9,718** | 10,642 |
| Dividend payable | **12,008** | 21,900 |
| | **78,909** | 89,177 |

### 10. CONTRIBUTIONS BY THE PROVINCE OF BRITISH COLUMBIA

| | | |
|---|---|---|
| Balance, beginning of the year | **55,469** | 55,528 |
| Land returned to the Province | **-** | 59 |
| Balance, end of year | **55,469** | 55,469 |

### 11. COMMITMENTS

The Corporation estimates that the cost to complete projects under construction will be $77,000 of which $36,000 has been committed.

The Corporation has entered into leases with third parties to provide space for its clients and its head office for varying periods up to the year 2037, at a total aggregate net rental of approximately $299,000. Most leases are for between five and ten years and include renewal options.

Minimum annual lease payments which will be charges to operations in subsequent years, for leases committed at March 31, 1992:

| | |
|---|---|
| 1992/93 | **71,000** |
| 1993/94 | **60,000** |
| 1994/95 | **50,000** |
| 1995/96 | **38,000** |
| 1996/97 | **26,000** |
| Post 1996/97 | **54,000** |

### 12. INTEREST

| | 1992 | 1991 |
|---|---|---|
| Interest on long-term debt | **58,350** | 51,527 |
| Other interest | **8,023** | 16,548 |
| Amortization of debt discount and issue expenses | **3,657** | 3,915 |
| | **70,030** | 71,990 |
| Deduct: | | |
| Sinking fund earnings | **15,743** | 11,575 |
| Interest capitalized | **2,135** | 8,043 |
| | **17,878** | 19,618 |
| | **52,152** | 52,372 |

### 13. RELATED PARTY TRANSACTIONS

The Corporation received 85% of its total revenues from Provincial Government ministries. These revenues consist primarily of rents that are determined with reference to market; however, in such cases where comparable market rates do not exist, rents are calculated based on the amortization of the properties' capital costs.

# BCBC PRODUCTS and SERVICES

*Project Manager Rhoda Gordon and BCBC President Dennis Truss at the St Ann's Academy, Victoria. BCBC has been contracted as a consultant to undertake a study on the future of this heritage site.*

Since 1977, the Corporation has provided real estate, accommodation and facilities management services to the provincial government and various public sector organizations.

Corporate products and services have evolved significantly over 15 years. Today's programs and services are tailored to meet BCBC customer needs efficiently, effectively, within budget and on schedule.

Accommodation facilities are long-term ventures. BCBC seeks to balance a client's immediate accommodation requirements with long-term satisfaction.

BCBC products and services comprise an extensive range of activities that result in a comprehensive overview of client requests. These include:

- NEEDS ANALYSIS REPORT
  a preliminary assessment of customer needs including policy and operational issues, location and space, and functional requirements
- STRATEGIC PLAN
  options, costs and time frames for fulfilling client facility needs.
- FACILITY PROGRAMS
  detailed functional and spatial documentation of all client requirements
- SPACE PLANNING
  functional analysis, including blocking and detailed furniture layouts
- SPACE STANDARDS
  space allocation to suit customer operational styles and office furnishings
- COLOUR SCHEMES AND SCHEDULES
  base building colour schemes, furniture, fabrics, signage and accessories.

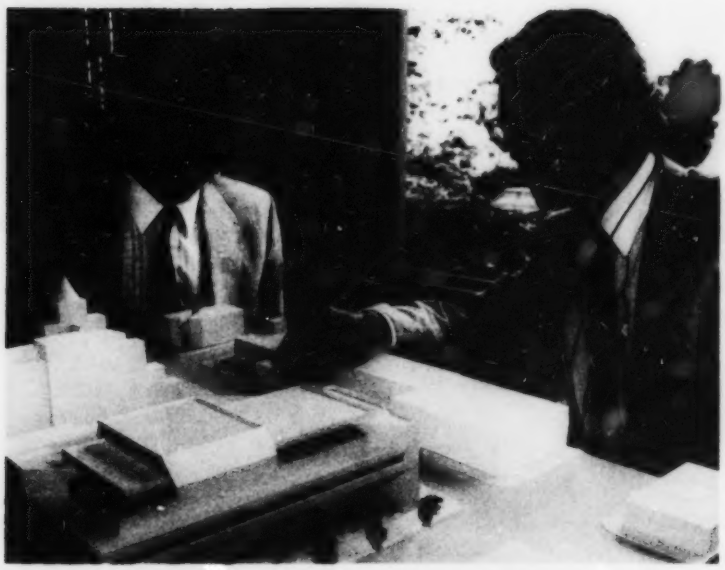
The product of BCBC programming and planning services is a series of concise reports that provide customers with all the information required — including recommendations — to enable them to make the best physical, functional and financial decision with respect to their facility requirements.

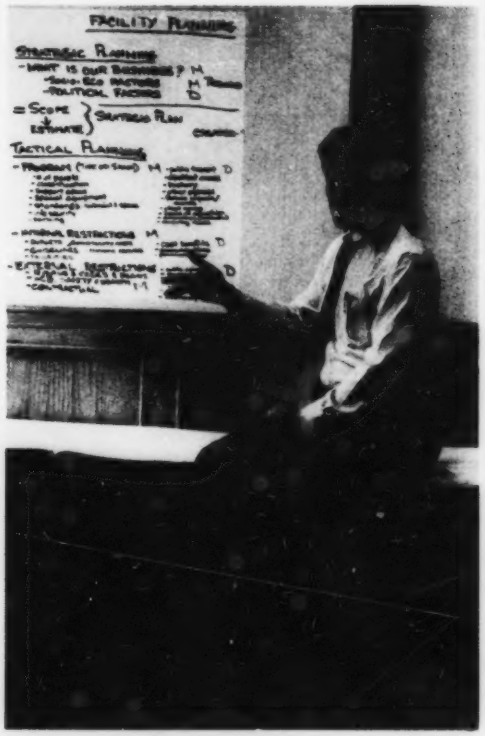
# Capital Project Construction Management

Over the years BCBC has completed almost $1 billion worth of major construction projects. On average, this work has been completed six per cent below budget and within schedule.

BCBC engineers, architects, quantity surveyors, planners, researchers, and development specialists provide complete project management. This includes facility programs, concept design, project implementation, construction supervision, tenant improvements, and effective cost control.

BCBC can build a facility to a client's specifications, either for ownership or lease. Otherwise, an existing building can be completely redesigned and renovated, or a facility can be altered to meet a client's changing physical and functional requirements.






*Project Management Director David Peter and Project Manager Peter Clark discussing renovations to the Main Street Law Courts, Vancouver.*

*Client Services Manager Ted Meadley.*

# Leasing Services

BCBC recognizes the advantages of leases for some types of accommodation, and carefully balances its portfolio with both owned and leased properties. The two major leasing services provided by BCBC for a client are negotiating a lease, then ensuring all required services are provided until the lease expires.

Geographically, BCBC has lease negotiators assigned to cover the province — experts in their particular territories. The Corporation administers well over 1,000 leases and negotiates about 350 new ones each year.

*Lease Negotiator Mike Simmons, Property Management Services Manager Verna Rae (Social Services), Jim Hartshorne of Shelbourne Capital Corporation, Administrative Services Division Director Morris Wadds (SS) at a newly constructed office in Victoria being leased from Shelbourne Capital for the Ministry.*

# Property Management

BCBC is the guardian of some magnificent real estate, a role it takes seriously.

In covering the province, BCBC divides the total area into Property Management Units, each with a manager who has the authority to make high level business decisions affecting our customers and portfolio. In this way BCBC responds promptly to local customer needs, giving a door-step service, while providing business opportunities for more than 5,000 local contractors, landlords and professional and service firms throughout the province.

BCBC is recognized as a property management expert and assists customers by minimizing the costs of maintaining and operating facilities.

Services provided by BCBC include: facility operation and maintenance management, real estate portfolio management, assistance in property tax appeals, complete accounting and reporting, full facility furniture purchasing service, international award-winning energy management services, and environmental management.

*Building Maintenance Engineer John Chow, Operations Superintendent Greg Linnen, Building Mechanical Maintenance Person Hank Vanderhout.*

# Environmental Management

BCBC has made a commitment to operate actively as an environmentally responsible citizen.

A lot of little things that BCBC does make a big difference to the environment. For example, using ceramic rather than disposable coffee mugs, placing recycling boxes beside rubbish bins, and encouraging alternate transportation such as cycling or walking.

Larger environmental projects being carried out by BCBC include: establishing paper recycling programs for our customers throughout the province, assisting in the production and reuse of recycled paint, assessing BCBC properties to determine their environmental health, recycling rather than landfilling materials from building demolition, implementing underground storage tank management plans, proactive asbestos management and removal, guidelines for reducing halon and CFC emissions, using an electric car in selected areas, educating employees and clients about environmentally friendly ideas and practices.

BCBC continues to explore and implement procedures that demonstrate being in business need not be at the expense of the environment. The Corporation is always pleased to show how the concerns and achievements of its environmental initiatives can benefit customers.

*Recycling has been given major importance in the Oakalla demolition. As a case study with one building, alone, 95 per cent of the materials were recycled.*

*BCBC has amassed considerable experience and expertise in managing such environmental tasks as asbestos removal.*

# Energy Performance Contracting

Energy performance contracting is an innovative business arrangement that provides BCBC clients with a virtually risk and cost free way to reduce energy consumption and operating costs.

BCBC develops, manages and finances energy efficient retrofit projects in a client's facility, with the return on its investment derived solely from the actual energy and operating savings.

This energy service has as its objectives:

- to design and install energy management technologies that generate and retain substantial savings
- to provide comprehensive training to customers, ensuring that savings are maintained
- to provide ongoing support to clients until energy savings have retired BCBC's capital investment
- to provide clients with complete documentation of all installed improvements.

*BCBC has an energy performance contract with the Workers' Compensation Board head office in Richmond. Maintenance Mechanic Ralph Boyce (WCB) makes notes of adjustments being made by Energy Projects Manager Ron Sue.*

*Operations Supervisor Gunther Honold is monitoring the performance of BCBC's first solar heating system.*

# Energy Management

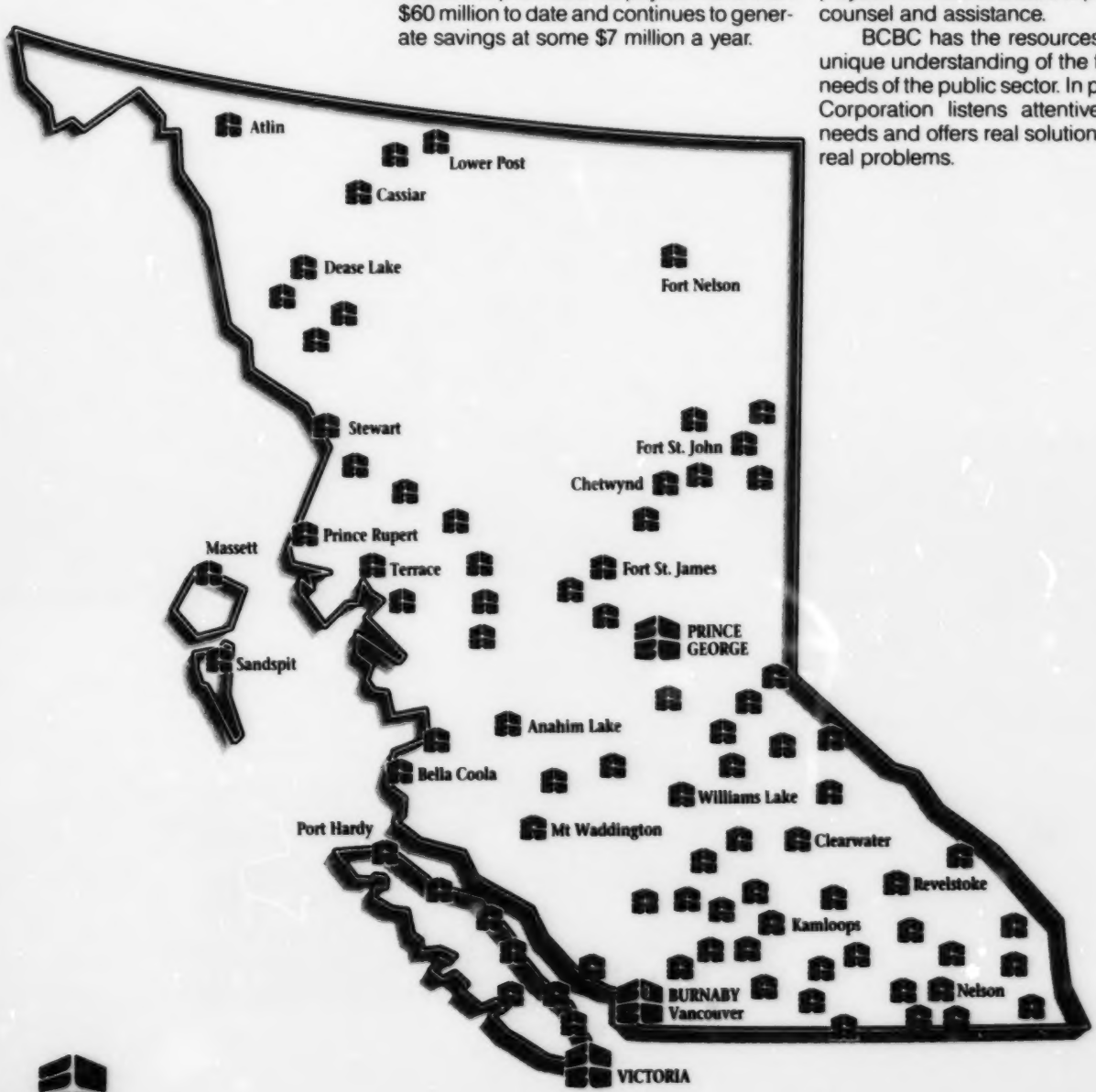
BCBC has reduced its energy consumption by 55 per cent, based on its first operational year of 1978, and has won five international awards for excellence in energy management, including The Association of Energy Engineers 1991 International Energy Award in the Corporate Energy Management category. The Corporation's investment of $16.3 million has already saved the provincial taxpayers more than $60 million to date and continues to generate savings at some $7 million a year.

What began with measures as simple as turning off lights and adding insulation, has now evolved into applying state-of-the-art technology such as high-efficiency lighting systems and computerized energy management control mechanisms.

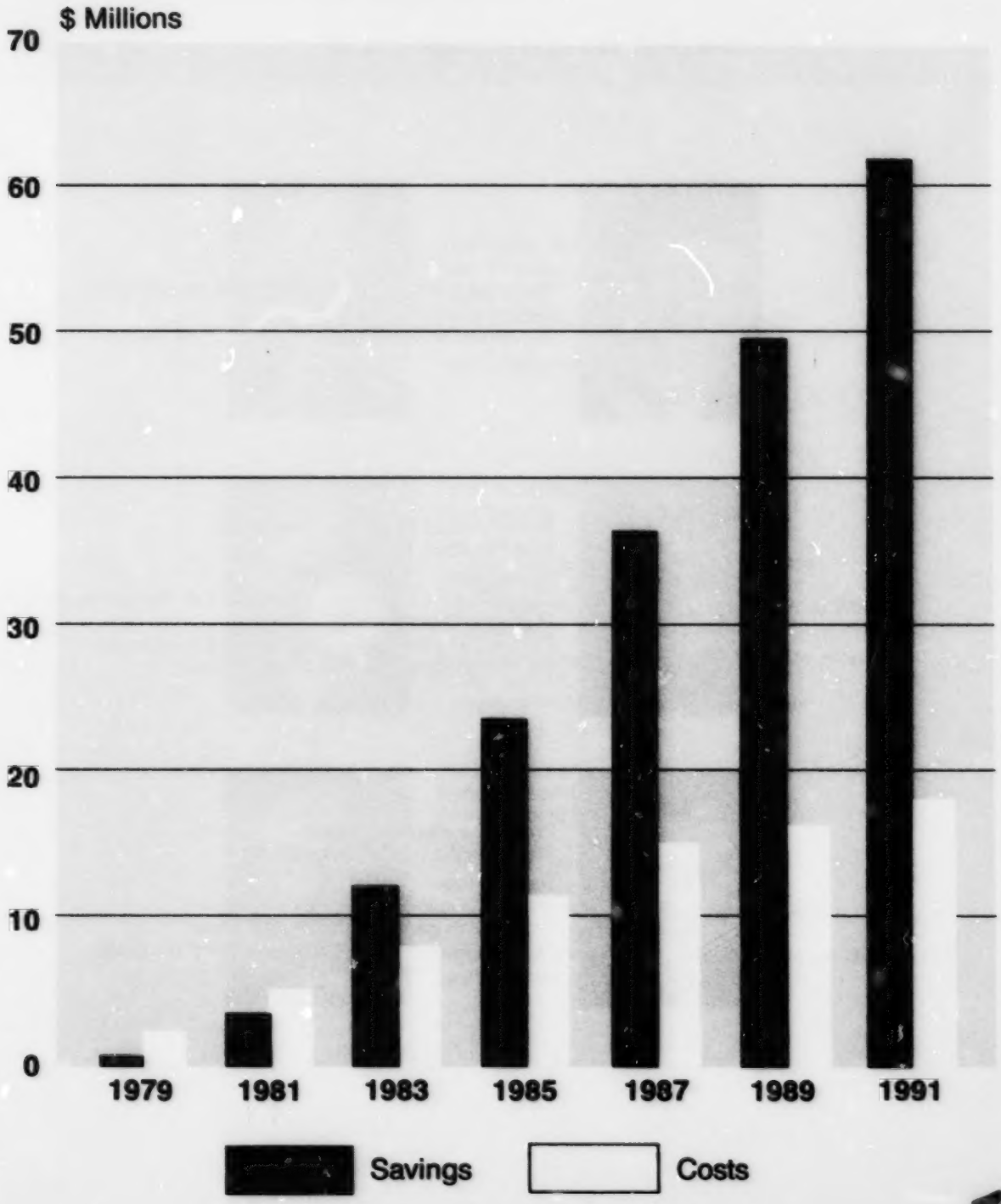
BCBC — Real Estate, Accommodation and Property Management at its professional best.

The Corporation has a significant presence in virtually every community in the province. From Victoria to Fort St. John to Kelowna to Williams Lake, BCBC has innovative, dedicated and professional employees who are available to provide timely counsel and assistance.

BCBC has the resources and a truly unique understanding of the function and needs of the public sector. In particular, the Corporation listens attentively to client needs and offers real solutions that satisfy real problems.



# ENERGY MANAGEMENT PROGRAM
## Accumulated Savings and Costs



# Corporate Management

**President and Chief Executive Officer Dennis Truss**
General Counsel John Garrison
Corporate Communications Director Denis Racine

**Marketing and Client Services Group**
**Vice-President John Bidlake**

Departments
Client Services Directors Ian Maitland, Lak Parmar, Herman Starink
Marketing Director Kevin Bell
Planning and Service Quality Director Bill Robertson
Support Services Manager Hardy Sekhon

**Project Development Group**
**Vice-President John Davies**

Departments
Leasing Director Gary James
Project Management Director David Peter
Technical Support and Research Director Jim Eaton

**Real Estate Group**
**Vice-President John Robinson**

Departments
Portfolio Management Director Jim Gugin
Pricing and Inventory Director Jim Alexander
Real Estate Director Chris Schreiber

**Property Management Group**
**Vice-President Al Kemp**

Regions
1 (Vancouver Island) Director Jim Harrison
2 (Lower Mainland) Director Evan Brewer
3 (Southeast to Northern B.C.) Director Wray White

Departments
Energy and Environment Director Jack Meredith
Project Support Manager Bob Brandle
Administrative Support Manager Effie Fahey

**Administration Group**
**Vice-President Brian Kennedy**

Departments
Corporate Controller Terry Gagne
Human Resources Director Grant Close
Management Systems Director Bill McCann
Operational Analysis Manager Bill Blair
Organization and Staff Development Manager Bill Heschuk
Secretary-Treasurer Mike Grannum

# Auditors

Arthur Andersen & Co.
Chartered Accountants
Vancouver, B.C.

# Addresses

Head Office
3350 Douglas Street
Box 1112
Victoria, B.C.
Canada
V8W 2T4

Regional Offices
Region 1
23—3318 Oak Street
Victoria, B.C.
V8X 1R1

Region 2
115—4946 Canada Way
Burnaby, B.C.
V5G 4H7

Region 3
2275 Quinn Street
Prince George, B.C.
V2N 2X4

For information contact:
Corporate Communications Director
Denis Racine

---

**British Columbia Cataloguing in Publication Data**

British Columbia Buildings Corporation
Annual Report 19771978-
Report year ends March 31
ISSN 0702-0511—Annual report—British Columbia Buildings Corporation

1. British Columbia Buildings Corporation
2. British Columbia—Public works—Periodicals

TA 27.B7A2 354'.711'0086068